The procedure and an example of calculating and paying deposit interests / according to Regulation 8/02 of the RA Central Bank "On calculation of annual interest profitability of bank deposits"/

- The deposit amount interests are calculated on actual balance of deposit account from the next day of depositing the amount in the bank till the day before paying it back to the depositor or writing off the account of the depositor on the other bases.
- The calculation of interests is done by the Bank at ordinary interest rate, taking 365 days a year /366 for a leap-year/ as a divider.
- If the depositor is a non-resident legal entity or sole entrepreneur, the interests are paid to the depositor in the deposit currency. In all other cases if the deposit is in foreign currency, the interests are paid in AMD at the exchange rate defined by the bank for buying the relevant currency as of the payment day.
- The deposit interests are subject to 10% income tax, except the resident legal entities.

An example of calculating annual interest profitability.

Deposit IINVESTMENT

a. Deposit amount - AMD 100,000.0,
b. Deposit term- 3 years,
c. Current interest rate- CBSI + 1.5% (which we consider as unchangeable during the deposit term, makes up 9.75% annually + 1.5% annually) = 11.25%,
d. Interest accrual – The interests are accrued on the deposit balance once a yesr
e. Other - 10% interest income tax,

The deposit interest amount is calculated as follows:

a. 1st year

Daily interest income

$$\frac{\text{100,000 (deposit amount) x 11.25\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 30.82$$

Yearly net interest income

30.82 x 364 (number of days a year minus 1 day for deposit formulations) – 1,121.92 (10% taxation) = 10,097.26

After accrual the deposit amount will make up AMD 110,097.26.

b. 2nd year

Daily interest income

$$\frac{\text{110,097.26 (deposit amount) x 11.25\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 33.93$$

Yearly net interest income

33.93 x 365 (number of days a year) – 1,238.59 (10% taxation) = 11,147.35

After accrual the deposit amount will make up AMD 121,224.61.

c. 3rd year

Daily interest income

$$\frac{\text{121,244.61 (deposit amount) x 11.25\% (annual interest rate)}}{\text{365 or 366 (number of days a year, leap-year)}} = 37.37$$

Yearly net interest income

37.37 x 364 (number of days a year minus 1 day for closing the deposit) – 1,360.26 (10% taxation) = 12,242.38

After accrual the deposit amount will make up AMD 133,486.99.

As a result, the deposit "Investment" in amount of AMD 100,000.0 with CBSI + 1.5% annual profitability after 3 years will make up AMD 133,486.99.